

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-04 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15 STR-01

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FM USINT ALGIERS

TO SECSTATE WASHDC 1269

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E.O. 11652: N/A

TAGS: FIN, AG

SUBJ: SETTLEMENT OFFER OF PROCTOR AND GAMBLE ALGERIAN
NATIONALIZATION CLAIM

1. PROCTOR AND GAMBLE OFFICIALS VISITED ALGIERS OCT.
15 AND 16 IN CONNECTION WITH THEIR REIMBURSEMENT CLAIM
FOR ALGERIAN NATIONALIZATION OF P & G ALGERIAN
SUBSIDIARY IN 1967. ALGERIANS HAVE OFFERED TO MAKE
LUMP SUM PAYMENT OF DOLLARS 800,000 PAYABLE 90 DAYS
FROM ACCEPTANCE OF OFFER. USINT BELIEVES THIS BEST
OFFER TO BE EXPECTED FROM ALGERIANS AND THAT IT SHOULD
BE ACCEPTED BY P & G.

2. MR. S.A. SHERIF, DIVISION MANAGER AND BERNARD G.
BEGIERE, MANAGER LEGAL DEPARTMENT OF P & G'S GENEVA
OFFICE CAME TO USINT TO DISCUSS NEGOTIATING POSITION
ON THEIR NATIONALIZATION CLAIM. THEY EXPLAINED THAT
P & G HAD GIVEN THE ALGERIAN CLAIM TO GENEVA TO SETTLE
SINCE THEY HAD SETTLED THE IRAQ AND MOROCCAN CLAIMS
SUCCESSFULLY. PRIMARILY THEY WISHED TO KNOW HOW STUCK
THEY WERE WITH THE 800,000 DOLLAR OFFER OF 1972, THE
POSSIBILITY OF USING A HIGH LEVEL INTERLOCUTOR, THE
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POSSIBILITY OF A CLAIM FOR INTEREST, THE POSSIBILITY

OF SETTling THIS CLAIM WITHIN A NEW PROJECT IN ALGERIA.

3. USINT ADVISED THAT FROM THE FACTS IT WOULD SEEM P& G HAVING ACCEPTED 800,000 DOLLARS WOULD NOT BE ABLE TO OPT FOR MORE NOW. THE MINISTRY OF INDUSTRY AND ENERGY HAS ALWAYS BEEN SEIZED WITH THE CASE SO ANOTHER INTERLOCUTOR WOULD PROBABLY NOT ASSIST THE CASE. A CLAIM FOR INTEREST HAD MERIT, BUT SHOULD BE TEMPERED BY THE TONE OF THEIR MEETING. ALGERIA IN OUR VIEW WOULD LIKE TO SETTLE THE MATTER, BUT PROBABLY WITHOUT PUBLICITY. THERE WERE GRAVE SHORTAGES OF DETERGENT, AND THE ALGERIANS COULD WELL TRY TO TIE THE SETTLEMENT OF THE P& G CLAIM TO NEW TURN-KEY DETERGENT PLANT PROJECTS.

4. ON OCTOBER 16 THE P & G REPRESENTATIVES MET WITH MR. KESRI OF THE MINISTRY OF INDUSTRY AND ENERGY AND MR. LAKHDARI. (MR. LAKHDARI IS A PRIVATE ALGERIAN LAWYER WHO FREQUENTLY REPRESENTS MINISTER ABDESSELAM IN NEGOTIATIONS. HE USED TO BE WITH SONATRACH AND IS VERY CAPABLE AND INFLUENTIAL.) IN EFFECT KESRI AND LAKHDARI TOLD P & G THAT EHY WISHED TO WIND UP THEIR CASE. P & G WAS GETTING MORE THAN OTHER CLAIMANTS.

ALGERIANS WOULD TRANSFER FUNDS WITHIN 90 DAYS OF AGREEMENT. NO INTEREST WOULD BE PAID. THEY HOPED AGREEMENT WOULD BE REACHED BEFORE THE END OF OCTOBER. THEY PREFERRED TO SETTLED THIS CASE, WITHOUT MIXING IT UP WITH ANOTHER PROJECT. THEY WERE NOT INTERESTED IN ANY P & G OR FOR THAT MATTER ANY PRIVATE INVESTMENT IN ALGERIA. THEY OFFERED NO HOPE OF A BETTER OFFER. THE P & G REPS FELT THIS WAS A TAKE IT OR LEAVE IT FINAL OFFER.

5. IN LATER MEETING ECON OFFICER STRONGLY RECOMMENDED P & G ACCEPT OFFER. P & G REPS SAID THEY WOULD SEEK INSTRUCTIONS FROM HOME OFFICE BUT IMPLIED THEY WOULD RECOMMEND ACCEPTANCE. P & G IS NOT INTERESTED IN TURN-KEY PROJECT IN ALGERIA.

6. IF P & G REQUEST ADVICE FROM DEPT, USINT BELIEVES LIMITED OFFICIAL USE

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IMMEDIATE CASH PAYMENT IS BEST OFFER P & G WILL GET AND SHOULD BE ACCEPTED. WITH RESOLUTION P & G CLAIM, WE WOULD TRY AND WIND UP PRIVATE CLAIMS USING FORWARD MOMENTUM OF P & G CLAIM. WOULD DEPT ADVISE USINT RE STATUS OF PLANS FOR SUBMITTING PRIVATE CLAIMS TO ALGERIANS THROUGH PRIVATE ATTORNEY?.PARKER

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